

# Marketing week 11 reading- strategy and society

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CSR important for every business in every country

Business and society facing each other in CSR→ but the two are interdependent

Second- business is put under pressure to do CSR in the typical manner→ not in ways tailored to each firm's strategy which inevitably lead to

The current CSR methods obscure the opportunities for many business's

Analysing CSR in the way core business processes are – CSR would become not just an expense/business obligation/trend→ rather an innovation and SCA

## The Emergency of Corporate Social Responsibility

- Not always voluntary→ only once attention has been exposed/caught by companies due to their practices
- Fast food companies are being held for obesity and poor nutrition
- Organizations pressuring companies to be more socially responsible
- External stakeholders holding companies accountable for their actions→ financially risky if not heeded by
- Business's know about the risks but are not sure what to do about them→ business's are not responsible for all societies problems
- The most common CSR tactic is neither strategic or operationally core'd in but purely cosmetic public relations
- CSR reports trend- new trend for report writers

### *CSR Report Criticism*

Not thorough content

Uncoordinated activities to show a company's CSR work

Reduction in pollutants etc only one region etc→ not the whole business

Philanthropic work only in volunteer or dollars→ never on impact

## Four justifications of CSR

- Moral obligation-duty to be good citizens in and "do the right things"
- Achieve commercial success in ways that honor ethical values and respect society
- Sustainability-environmental and community stewardship→ meeting the needs of the present without compromising the needs of the future"
- License to operate- needs permission from government, communities etc to doing business ( operate)
- Reputation-improve a company's image,
- None offer sufficient guidance for the difficult choices the leaders who will implement the CSR initiatives

### *Limitations of each approach*

Moral-Must balance competing values, interests and costs and this is not always clear or practical/known for a company

e.g Google china entry→ censorship and chinese legal issues\

## Sustainability

Mostly smart business choices → smart ones → entirely apart from their environmental benefits

License to operate- companies cede primary control of CSR to their stakeholders

Reputation- rarely has strategic benefit → merely focuses on satisfying external audiences

Consumer industries- cause related marketing campaigns

Chemical industry- a buffer/insurance in case they screw up- tempers the public criticism

No method to quantify the benefits of CSR investments → can go easily if management is changed etc

Weakness- focus on the tension between business and society → not their interdependence

Each generates strategic rationale that's not related in terms of operational or company strategy → hence can't prioritise issues in terms of real impact and cannot act on them.

Result → loads of CSR and philanthropic activities that are dislodged from the company's strategy → usually have jack all impact and does not increase the company's long term competitiveness/market position

Internally- CSR initiatives are separated from operating units → externally responding to a different stakeholder → lost opportunity → therefore the actual intention of creating a social benefit is lost/dispersed/diluted and hence the overall potential of the company to take actions that support both their communities and business goals is FUKED/lost.

## Integrating business and society

Underlying relationship between business and society

Must merge strategies and activities of specific companies to their CSR initiatives

- Successful companies need a healthy society- safe products attract not only customers but lower the internal cost of accidents
- Efficient use of natural resources make business productive
- Government laws that support innovation and efficiency are needed
- Ultimately a healthy society creates expanding demand for business

Healthy society needs business

- No social program can rival business when it creates jobs, wealth and innovation that improves living/social standards over time
- Less productive business → loss of jobs, wages go down, non profit organizations disappear due to no support.

*Leaders in society have focused too much on the friction between business and society → rather than how they overlap/intersect etc*

*Mutual dependence illustrates the concept of shared value → choices should benefit both sides*

## Identifying the points of intersection

Takes two forms

- 1) Impinges in society through its normal operations → inside out linkages
  - Virtually every part of the business chain touches on the community chain → either +ve or -ve
  - Impacts depend on location → e.g social consequences in china vs usa
  - Companies impact on society changes over time as social standards /science evolves
- 2) Outside in linkages-external social conditions affect corporations for better and worse

#### LITTLE NOTABLES EXCLUSIVE – ALI THAIR

- competitive context-affects the ability of the company to carry out its strategy in the LT
- 4 broad areas- business inputs/rules,incentives that govern competition/size of demand/local availability of supporting industries
- ensuring the health of the competitive context benefits both→ company and community

Choosing which social issue to address

- companies cant solve all societies problem/bear the cost
- rather select and deal with one that's overlapping with your business
- test- does it create shared value?- both to society and the company

3 dif types of social issues

- generic social issues-important to society→not affected by companies operational activities
- Value chain social impacts-significantly affected by the companies shit daily basis
- Social dimensions of competitive context-

Creating corporate social agenda

- Mitigating harm to finding ways to reinforce corporate strategy
- Strategic CSR- most societal and business benefits
- Best CSR initiatives-clear measurable goals over time→ creates goodwill→ better R/S's with governments

The more closely tied a social issue is to a compnys business, the greater the opportunity to leverage the firms resrouces and create shared value

Strategic CSR- both inside out and outside in→ opportunities for shared value lie here

## Organizaing for CSR

Requires adjustments in organization,reporting relationships ad incentives

What needs to be measured is SOCIAL IMPACT

*Moral purpose of business*

Providing jobs-positive influence on society

Important- contribute to a prosperous economy

Efforts to find shared value inoperating practices and social dimensions of competitive context